



# South Central Idaho News

BLAINE, CAMAS, CASSIA, GOODING, JEROME, LINCOLN, MINIDOKA & TWIN FALLS COUNTIES

## ECONOMIC TRENDS

The seasonally adjusted unemployment rate in December 2005 was 2.9 percent for the Twin Falls/Jerome Micropolitan Statistical Area. This was three-tenths of a percentage point lower than November 2005 and a full percentage point lower than December 2004. The civilian labor force increased 12 percent year over year.

As would be expected in December, the retail and service sector jobs showed a strong increase as holiday hiring hit its peak. Consumer confidence was high, and holiday hiring kept pace. Despite a slightly lower number of workers due to weather-related suspensions in projects, construction continued to be very hot with an 89.7 percent increase year-over-year in that sector. Once again, the south central Idaho economy, for the most part, is one of the most active in the state.

### Special Topic: South Central Idaho Wages Make Historic Jump

In 2005, the south central Idaho region broke through a glass ceiling that has been in place for as long as records have been kept — an average prevailing wage greater than \$10 per hour. For the past seven years, Idaho Commerce & Labor's regional economist for south central Idaho has conducted a local office wage survey of the top 47 occupations in Cassia, Gooding, Jerome, Lincoln, Minidoka and Twin Falls counties. These occupations range from high-paying administrative jobs in education to lower-paying service sector jobs.

From 1999 through 2004, the average wage for all occupations only increased a total of 6.5 percent for the entire six years. From 2004 to 2005, the average prevailing wage rose from \$9.89 per hour to \$11 per hour, a significant 11.4 percent increase. The increase of \$1.11 per hour nearly doubles the combined gain of the previous six years. Results of the survey are included in South Central Table 2 on page 18.

The importance of this finding is considerable. The six south central Idaho

South Central Idaho Table 1: Twin Falls MicSA Labor Force & Employment—Twin Falls and Jerome counties

	Dec 2005*	Nov 2005	Dec 2004	% Change From	
				Last Month	Last Year
<b>INDIVIDUALS BY PLACE OF RESIDENCE</b>					
<b>Seasonally Adjusted</b>					
Civilian Labor Force	51,200	50,580	45,730	1.2	12.0
Unemployment	1,480	1,610	1,800	-8.1	-17.8
% of Labor Force Unemployed	2.9	3.2	3.9		
Total Employment	49,720	48,970	43,930	1.5	13.2
<b>Unadjusted</b>					
Civilian Labor Force	51,330	50,720	45,940	1.2	11.7
Unemployment	1,460	1,520	1,780	-3.9	-18.0
% of Labor Force Unemployed	2.8	3.0	3.9		
Total Employment	49,870	49,200	44,160	1.4	12.9
<b>JOBS BY PLACE OF WORK</b>					
<b>Nonfarm Payroll Jobs**</b>	42,400	42,040	37,100	0.9	14.3
<b>Goods-Providing Industries</b>	8,990	9,020	6,310	-0.3	42.5
Natural Resources & Mining	30	30	30	0.0	0.0
Construction	3,510	3,540	1,850	-0.8	89.7
Manufacturing	5,450	5,450	4,430	0.0	23.0
Food Manufacturing	3,710	3,710	2,710	0.0	36.9
Other Manufacturing	1,740	1,740	1,720	0.0	1.2
<b>Service-Providing Industries</b>	33,410	33,020	30,790	1.2	8.5
Trade, Transportation & Utilities	10,560	10,260	8,950	2.9	18.0
Wholesale Trade	1,600	1,600	1,600	0.0	0.0
Retail Trade	6,460	6,220	5,250	3.9	23.0
Utilities	190	180	170	5.6	11.8
Transportation & Warehousing	2,310	2,260	1,930	2.2	19.7
Information	650	640	580	1.6	12.1
Financial Activities	1,840	1,840	1,740	0.0	5.7
Professional & Business Services	5,390	5,320	5,430	1.3	-0.7
Educational & Health Services	3,120	3,120	2,900	0.0	7.6
Leisure & Hospitality	3,180	3,170	2,860	0.3	11.2
Other Services	1,440	1,390	1,310	3.6	9.9
Government Education	3,460	3,500	3,270	-1.1	5.8
Government Administration	3,770	3,770	3,750	0.0	0.5

\*Preliminary Estimate

\*\*Full- or part-time jobs of people who worked for or received wages in the pay period including the 12th of the month

counties included in this survey, especially in the rural areas, have traditionally been among the lowest wage areas in Idaho. Growth was also stagnant and very seldom came close to the statewide calculated increases in annual cost of living. The wages have not only gone up, but employers also are changing their mind-sets regarding wages, especially with respect to the trade-off between employee retention and employee turnover. The low unemployment rates that exist, especially in the western part of the region, have compelled some employers to reassess recruitment processes, making many employers aware that turnover costs are often more expensive to their operations than raising wages to retain good employees. This is an example of the law of supply and demand functioning naturally instead of being artificially suppressed.

What has caused this shift? Essentially, there have been three major factors that created the spark needed. First, Dell Inc. opened a consumer technical support call center in Twin Falls in February 2002. Dell initially paid a com-

petitive wage plus incentives that was higher, or potentially higher, than average wages in the area. Dell expanded its work force rapidly to its present level of over 600 employees. The sheer volume of workers making higher-than-average wages began to have an effect region-wide. In 2004, Dell upgraded the call center from a consumer support entity to a business relationship center — a move that offered higher wages and more vertical career-path opportunities, contributing to the overall regional increase in the average wage.

Second, three new light manufacturers moved to the region in late 2004 and early 2005. Jayco Inc. in Twin Falls, Hilex-Poly Inc. in Jerome and Kiefer-Built in Gooding arrived with a large majority of jobs paying well over \$10 per hour. The excellent work force and employer climate also caused these companies to add more workers than they initially envisioned. Again, the sheer volume of higher paid workers had its effect in the region. Existing businesses in similar sectors found that to be competitive and attract good workers, they had to make adjustments to their pay scales. Thus, as mentioned before, supply and demand functioned naturally.

Third, construction jobs in the region doubled in some areas from 2004 to 2005. Many new and long-considered projects started up including widening the Pole Line Road business corridor and building a new Lowe's Store, a new Deseret Industries thrift store and Church of Jesus Christ of Latter-day Saints administrative offices. New residential construction was record-breaking. The city of Twin Falls alone had nearly 700 permits for new homes. In Lincoln County, construction doubled, and a moderate resurgence in Mini-Cassia area home building all contributed to the overall effect of increasing construction jobs. Most construction jobs pay well over \$10 per hour and thus helped fuel the rise in average wages.

Will the upward trend in prevailing average wages continue? All indicators suggest that it will. Though increases may not exceed the considerable 11.4 percent jump in 2005, wages should exceed the approximate 3.0 percent average cost-of-living increase as predicted by the 1999-2005 Consumer Price Index. All existing businesses are expected to at least maintain the current work force levels, and Jayco announced an expansion of existing facilities that will add more workers. In the Mini-Cassia area,

Gossner Foods cheese processing facility opened in October 2005 and employs approximately 50 workers. A light manufacturing company from California, Mulholland Positioning Systems Inc. that makes equipment for adults and children with cerebral palsy and spinabifida, also announced plans to locate in Burley with projected employment of 35 to 50 workers. On the construction front, the Church of Jesus Christ of Latter-day Saints should break ground on a new temple in Twin Falls, a project that should

employ about 200 construction workers. Local housing contractors are indicating they are booked through 2006. Economic development efforts continue with several prospective employers interested in locating in various sites in south central Idaho. Some of those prospects may be sited in 2006.

These wage jumps are unprecedented, but they do not represent a panacea. Wages in this part of south central Idaho still lag behind state and national averages. The region is still home to a large number of people who work more than one job and families where multiple members have jobs. This is a socioeconomic concern. However, this wage trend is a huge first step and belies recent reports indicating that Idaho has not addressed the need to improve wages. In

reality, through natural increases due to the law of supply and demand and a healthy influx of new employers paying competitive wages, south central Idaho in particular and Idaho in general are building a foundation of dynamic and natural wage growth while avoiding the vulnerability and reality of outsourcing good-paying jobs internationally that much of the rest of the nation is confronting. A groundswell of sustainable wage growth in a solid business environment with a highly-trained work force is economically dynamic. In south central Idaho, the human condition is improving, and the majority of the work force is cashing a paycheck, optimistic about further improvement.

*See South Central Table 2 on page 18 for results of the region's recent informal wage survey.*

The local office wage survey reviewed in the accompanying article is an independent study that is not tied to the Occupational Employment Survey released by Idaho Commerce & Labor. (See article about that survey in the FYI section on page 21.) The local office survey is informal and only covers a six-county region in south central Idaho consisting of Cassia, Gooding, Jerome, Lincoln, Minidoka and Twin Falls counties. It does not include Blaine and Camas counties. The reason for this omission is that the Blaine County area has a significantly higher cost of living and the wages accordingly run 25 percent to 40 percent higher than the rest of the region. This local office survey encompasses only the top 47 occupations that include the most workers. The methodology consists of looking at unemployment claims, new job listings and direct telephone interviews. This survey is used for trend analysis. It is recommended that the 2005 Occupational Employment and Wage Survey, recently released by Idaho Commerce & Labor be used for wage reference. However, the consistent methodology makes the local office wage survey accurate when measuring overall prevailing average wage increases and the dollar amount of those increases.

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South Central Idaho Table 2: Twin Falls-Jerome-Burley Local Office Wage Survey, November 2005

Occupation	Median Wage	Average Wage	Wage Lower	Wage Upper
Education Administrators	\$28.14	\$27.80	\$19.90	\$38.44
Teachers	\$16.52	\$15.31	\$10.90	\$21.18
Teachers Aides	\$8.58	\$8.50	\$5.63	\$10.56
Social Workers	\$14.97	\$15.17	\$12.28	\$18.47
Registered Nurses	\$19.24	\$19.70	\$14.75	\$22.81
Licensed Practical Nurses	\$12.54	\$12.55	\$9.47	\$14.35
Certified Nurses Aides	\$7.83	\$7.78	\$5.43	\$7.85
Dental Assistants	\$11.08	\$10.99	\$9.38	\$11.52
Laboratory Technicians	\$9.37	\$9.86	\$7.18	\$12.25
Secretary/Receptionists	\$8.81	\$8.80	\$5.35	\$12.78
Legal Secretaries	\$9.58	\$9.60	\$8.01	\$12.69
Medical Secretaries	\$9.11	\$9.15	\$7.71	\$12.22
Office Managers (clerical)	\$10.47	\$10.36	\$8.14	\$12.43
Medical Billing Clerks	\$9.38	\$9.55	\$7.32	\$11.45
Bookkeepers	\$9.70	\$9.65	\$7.39	\$12.89
Bank Tellers	\$9.15	\$9.10	\$7.16	\$9.53
Technical Support Workers	\$12.25	\$12.41	\$8.25	\$15.33
Telemarketers	\$7.50	\$7.49	\$6.06	\$9.95
Cashiers	\$6.35	\$6.37	\$5.15	\$7.29
Retail Sales Associate (non commissioned)	\$7.32	\$7.49	\$6.06	\$9.62
Motel Housekeeping	\$6.14	\$6.10	\$5.15	\$8.63
Medical Housekeeping	\$8.06	\$8.10	\$6.09	\$11.47
Janitorial	\$8.37	\$8.40	\$5.38	\$10.14
School Custodians	\$10.92	\$10.88	\$8.50	\$13.35
Waiters and Waitresses (adjusted for tips)	\$6.14	\$6.10	\$5.15	\$7.00
Cooks, Restaurant	\$7.36	\$7.51	\$6.15	\$9.96
Bakers	\$7.14	\$7.09	\$6.06	\$7.97
Graphic Designers	\$10.55	\$10.49	\$6.17	\$15.42
Landscapers	\$8.95	\$8.54	\$6.31	\$15.33
General Construction Laborers	\$13.60	\$13.82	\$7.14	\$18.31
Framers	\$12.52	\$12.40	\$8.29	\$15.93
Concrete Finishers	\$11.02	\$11.71	\$7.63	\$19.03
Forklift Operators	\$12.06	\$11.51	\$6.63	\$14.25
Heavy Equipment Operators	\$14.76	\$14.35	\$7.14	\$20.40
General Truck Drivers	\$10.50	\$10.61	\$6.12	\$15.30
Electricians	\$16.35	\$16.47	\$9.27	\$20.93
Maintenance Mechanics	\$13.87	\$14.64	\$9.23	\$17.92
Welders	\$12.67	\$12.59	\$8.82	\$20.57
Heavy Equipment Mechanics	\$15.72	\$15.42	\$10.63	\$21.87
Automobile Mechanics	\$14.41	\$14.81	\$9.69	\$17.89
Food Processing Workers	\$10.77	\$10.20	\$5.15	\$13.21
Cheese Processing Workers	\$11.11	\$10.78	\$7.11	\$12.97
Manufacturing Line Workers (non food)	\$10.68	\$10.60	\$6.55	\$14.73
Machinery Maintenance Workers	\$9.94	\$9.73	\$7.11	\$8.88
Milkers	\$9.95	\$9.87	\$9.31	\$10.40
General Farm Laborers	\$6.50	\$6.49	\$5.15	\$8.95
Ditch Rider	\$10.04	\$9.97	\$8.52	\$12.46
<b>TOTAL ALL OCCUPATIONS</b>	<b>\$11.02</b>	<b>\$11.00</b>	<b>\$7.79</b>	<b>\$13.97</b>

SOURCES: Unemployment claims sampling, Magic Valley Commerce & Labor local office job orders, Twin Falls School District, employer interviews

This survey is meant as a guideline and a reference based on statistical sampling only. Absolute accuracy cannot be guaranteed. Not all employers are represented. However, this serves as a good guideline for reference purposes.